



# NEWS

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## FEDERAL HOUSING FINANCE BOARD REPORTS MORTGAGE INTEREST RATES

The Federal Housing Finance Board today reported that the average interest rate on conventional 30-year, fixed-rate, mortgage loans decreased 14 basis points to 6.36 percent in November. The average interest rate on 15-year, fixed-rate loans decreased 10 basis point to 6.07 percent in November. These rates pertain to mortgages closed during the November 26-30 period. Typically, the interest rate is determined 30 to 45 days before the loan is closed. Thus, the reported rates depict market conditions prevailing in mid to late October.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 6.34 percent in November down 14 basis points from 6.48 percent in October. The effective interest rate, which reflects the amortization of initial fees and charges, was 6.41 percent in November down 15 basis points from 6.56 percent in October. The average contract rate on fixed-rate mortgages decreased 13 basis points to 6.36 percent in November, while the average contract rate on adjustable-rate mortgages (ARMs) decreased 26 basis points to 6.12 percent in November.

Initial fees and charges were 0.49 percent of the loan balance in November, down 0.01 percent from October. Forty-nine percent of the purchase-money mortgage loans originated in November were "no-point" mortgages, unchanged from October. The average term was 29.0 years in November, unchanged from October. The average loan-to-price ratio in November was 78.9 percent, down 0.8 percent from 79.7 percent in October. The average loan amount increased by \$6,400 to \$228,200 in November, while the average house purchase price increased \$11,900 to \$307,500.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 6.35 percent based on loans closed in November. This is a decrease of 0.15 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The December index value will be announced on January 24, 2008.

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Technical note: The data is based on a monthly survey of major lenders that are asked to report the terms and conditions on all conventional, single-family, fully amortized, purchase-money loans closed the last five working days of the month. The data thus excludes FHA-insured and VA-guaranteed mortgages, refinancing loans, and balloon loans. This month's data is based on 10,966 reported loans from 66 lenders, representing savings associations, mortgage companies, commercial banks, and mutual savings banks. The effective interest rate includes the amortization of initial fees and charges over a 10-year period, which is the historical assumption of the average life of a mortgage loan. The data is weighted to reflect the shares of mortgage lending by lender size and lender type as reported in the latest release of the Federal Reserve Board's Home Mortgage Disclosure Act data.

*The Federal Housing Finance Board is an independent agency in the executive branch that oversees the safety, soundness, and mission of the 12 regional Federal Home Loan Banks. The Banks are government-sponsored enterprises created in 1932 to provide low-cost funding for housing finance. They have more than 8,100 financial institutions as members, including commercial banks, savings and loans, insurance companies and federally insured credit unions. More information can be found at <http://www.FHFB.gov>*

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